

Issues In-Depth

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XBRL Fundamentals and the SEC's New Rule

Required SEC reporting in the XBRL computer language is in place, with registrants other than investment companies subject to a three-year phased-in program beginning with fiscal periods ending on or after June 15, 2009.¹ XBRL-formatted financial information must be submitted as exhibits to affected companies' filed financial statements, and the XBRL-formatted information must be available on their Web sites. The exhibits must include XBRL-formatted financial statements, notes, and financial-statement schedules whenever the affected company files annual and quarterly reports, transition reports, registration statements, and reports that include financial statements restated to correct an error or for subsequent events specified in the SEC rule. Investment companies, including mutual funds, are required to submit XBRL-formatted risk/return summary information as exhibits to their initial registration statements and annual updating post-effective amendments beginning with registration statements and amendments that become effective after December 31, 2010.

The requirements break new ground for SEC reporting, but they come after widespread use of XBRL reporting and preparatory steps by the SEC. U.S. banking regulators, for example, have required quarterly "Call Reports" to be filed in XBRL since October 2005, a requirement affecting over 8,000 banks. In April 2005, the SEC began a voluntary financial-reporting program that allows registrants to supplement their required filings with exhibits using XBRL. Many comparable activities have taken place in other countries, and the XBRL movement is otherwise international. Regulators in China, Spain, The Netherlands, and the United Kingdom have required companies to use XBRL; the Tokyo Stock Exchange has accepted XBRL information since early 2003; and Canadian securities regulators began accepting XBRL data in May 2007 under a voluntary filer program.

The first step in complying with the SEC's XBRL requirement and understanding its potential benefits is to grasp XBRL's fundamentals. For many companies the need seems clear. 11 percent of corporate respondents to a recent survey admitted to having no knowledge of XBRL; 44 percent said they had just begun researching the subject; and 79.2 percent said they did not have an XBRL expert on their financial-reporting team.²

¹ XBRL is an abbreviation of "Extensible Business Reporting Language."

² According to the July 1, 2008 ComplianceWeek survey at www.complianceweek.com/article/4230/survey-many-unprepared-for-xbrl.

List of Abbreviations

AICPA	American Institute of Certified Public Accountants
ASB	Auditing Standards Board
EDGAR	Electronic Data Gathering, Analysis, and Retrieval system
FDIC	Federal Deposit Insurance Corporation
GAAP	Generally Accepted Accounting Principles
HTML	Hypertext Markup Language
IDEA	Interactive Data Electronic Applications
IFRS	International Financial Reporting Standards
PCAOB	Public Company Accounting Oversight Board
SEC	Securities and Exchange Commission
XBRL	Extensible Business Reporting Language
XML	Extensible Markup Language

What XBRL Is

XBRL is a structured, but adaptable, computer language developed to solve a problem. The problem is that the data in traditional reports in HTML and other computer languages typically cannot be processed directly by the recipient's application software. An HTML report is relatively self-contained. Its information cannot automatically be identified or retrieved for computerized analysis or further processing. Instead, the reported data must be re-keyed in a form acceptable to the application software, or customized software must be used to perform the equivalent of re-keying. The full advantage of computerized delivery is thus aborted, because the transmitted text must be used the same way a paper report is used, by transforming the data into a format that the user's computer application can understand.

XBRL solves this problem by "tagging" individual items of data in a way that another computer can understand and work with. "Tagging" is the process of assigning standard or customized identifiers to information in a financial accounting source file, such as a financial statement. A fully tagged electronic document would retain its identity and be read correctly by a user's application software. In other words, the user's application would be able to interact directly with the reported data. For this reason, the SEC chose the term "interactive data" to refer to XBRL reports.

A distinction helpful in understanding XBRL is between what goes on behind the computer screen and what data is viewable and usable on the screen. Users do not need to see the tagging they benefit from. The tags are read by the computer, by programmers, and by other parties who need or want to see the tags. Users typically get what they need from printouts and the interfaces created by their software applications.

The most fundamental step in developing an XBRL report is tagging data. The tagging process is governed by the XBRL Specification, a detailed description of how to go about complying with the XBRL language. It governs how to create taxonomies, which are lists of coded identifiers, or tags, along with their meanings and their relationships to other tags. Taxonomies may be thought of as tagging dictionaries. Preparers of XBRL reports will use a published taxonomy and may also create their own extension taxonomies. The result of tagging financial data is an XBRL report known as an instance document. A rendering program can be used with the instance document to convert the XBRL files into a viewable format of the financial statements. These steps are described more fully below.

XBRL is a member of the family of XML languages used to exchange data between businesses and on the Internet, and like other XML languages XBRL is "extensible," meaning it can be extended beyond what is specified. The tagging process can include creating tags in an extension taxonomy for information unique to a particular reporting entity. This is XBRL's primary claim to being adaptable.

However, XBRL is adaptable in two other senses. It can be used by virtually any computer hardware setup (e.g., computer, cell phone, PDA, or tablet device), and it can be used for a variety of tasks. It is not limited only to financial reporting to investors and regulators, though that has been its most publicized and developed function. It can support all standard tasks in compiling, storing, and using business

data. It can be used for storing and exchanging nonfinancial as well as financial information, for internal managerial reports, and for transferring general ledger transactions from one accounting application to another.

XBRL's Distinctiveness. Neither XML nor XBRL replaces HTML. HTML has a fixed, predefined number of tags. XML, in contrast, does not limit the number of tags. Instead, it provides a framework for defining tags (i.e., a taxonomy) and the relationships among them (i.e., a schema). XBRL is a form of XML focused on what is needed for business reporting.

XBRL does not prescribe or limit what might be disclosed in a business report. It neither adds to the information that businesses must disclose, nor changes the content of GAAP financial statements.

XBRL did not inaugurate data tagging. It has been employed for a long time because it is fundamental to the software that enables computers to perform their tasks. HTML pages also use tags. HTML and XML share the common term "markup," which refers to assigning code to desired formatting or other characteristics of information. The inventiveness that may be claimed for XBRL derives from its structure and its adaptability.

The Potential Benefits of XBRL. XBRL permits the automatic exchange and reliable extraction of financial information across all software formats and technologies, including the Internet. It enhances efficiency by allowing tagged financial information to be transmitted in many formats and deployed with various analytical tools. XBRL improves access to financial information and makes it possible to extract information more accurately and reliably. These improvements are potential sources of reduced costs.

XBRL can benefit users, regulatory agencies, and preparers. Users and regulators can benefit from reduced costs to obtain needed financial information, facilitated analytical processes, and more accurate analyses. Users of transnational data can benefit from the relative ease with which the data can be translated, for example, by changing a data label from English to German or Japanese, and from easier access to definitions that enhance comparability, for example, by reading the description within the tag. Depending on the extent of their use of XBRL, preparers can benefit from enhanced analytical capabilities and more timely, accurate analyses of data needed to make decisions.

Who's in Charge? XBRL is "an open standard." There is no fee for using it. It was developed and is maintained by a not-for-profit organization called XBRL International, created in 1999 with funding from the AICPA. XBRL International, with over 550 company and agency members from many different countries, is dedicated to building the XBRL language and supporting its adoption. Its major standard-setting products are the XBRL Specification and the Financial Reporting Taxonomy Architecture. The XBRL Specification sets out the technical parameters for creating XBRL taxonomies and instance documents. The Taxonomy Architecture presents the design rules for creating taxonomies. Because different countries have different accounting and reporting requirements, XBRL International recognizes "jurisdictions" within countries that develop taxonomies.

The taxonomies for applying XBRL in the United States are the responsibility of XBRL US, Inc., formerly a volunteer committee of the AICPA, but now an independent not-for-profit organization. It is the chartered U.S. jurisdiction of XBRL International. XBRL US maintains and supports the recently developed US GAAP Taxonomy. The members of XBRL International and XBRL US include business entities, regulators, accounting firms, and accounting standard setters. Being a member of XBRL US gives an organization the right to participate in all XBRL US and XBRL-International activities.

How XBRL Works

Simply put, traditional financial-statement data is tagged using a taxonomy to create an instance document as shown in Illustration 1. An instance document is a financial report formatted in XBRL that the preparer can transmit or otherwise provide to the party who can use it. Understanding how XBRL works must therefore include some understanding of the necessary inputs to instance documents, the way in which instance documents are prepared for delivery, and some of the terminology XBRL's developers have created.

Illustration 1



Applying Taxonomies. As noted above, a taxonomy is a list of tags that contains definitions and relationships that can be incorporated in instance documents. All taxonomies must comply with the rules in the XBRL Specification, but they differ because they are specific to the type of information to be electronically expressed and to the related presentation requirements. The primary taxonomy developed for financial reporting in the U.S. (the US GAAP Taxonomy) reflects U.S. generally accepted accounting principles and common reporting practices. The SEC sponsored the development of the US GAAP Taxonomy to facilitate XBRL reporting by SEC registrants. The taxonomy includes tags for all U.S. GAAP and SEC financial-statement disclosure requirements plus tags reflecting common and industry-specific reporting practices. The US GAAP Taxonomy does not create any new disclosure requirements, and it should not be used as a GAAP disclosure checklist.

Each tag, also called an element, in an XBRL taxonomy represents a unique financial-reporting concept. For example, goodwill, net income, gross sales, and cash and cash equivalents all are represented by separate elements in the taxonomy. Each element contains a definition and other information about the financial-reporting concept, including references to existing authoritative literature and its relationship to other elements in the taxonomy.

Each element is assigned XBRL basic attributes and relationships. These are characteristics that are formally defined by the taxonomy. They include numerical or nonquantitative descriptors. Basic attributes and relationships are part of the data item's context for purposes of XBRL. The basic attributes and relationships are designed to be sufficient to enable other computer software to understand the data and to enable people to use the data with their application software for analysis, comparisons, or other computerized operations they wish to perform.

The process just described is depicted in Illustrations 2, 3, and 4 for the financial-reporting concept finite-lived intangible assets, net. Illustration 2 shows that the financial-reporting concept finite-lived intangible assets, net is the XBRL element, which is assigned basic attributes and relationships.

Illustration 2

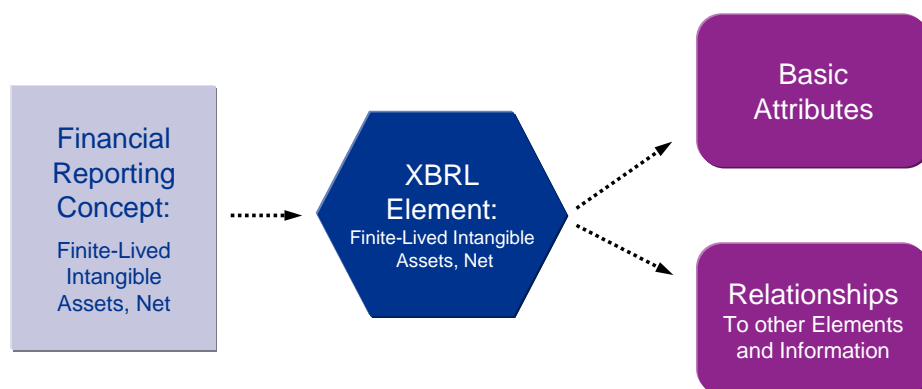


Illustration 3 focuses on the basic attributes. Seven of them are identified for finite-lived intangible assets, net in Illustration 3:

- Label – The commonly used term for the element, in this case "Finite-Lived Intangible Assets, Net."
- Element Name – The computer-readable term for the element, in this case FiniteLivedIntangibleAssetsNet.
- Description – A description of the element is a definition of the financial-reporting concept that the element represents, and it is designed to help individuals accurately tag their financial data. Descriptions also help ensure that tags are consistently used across companies.

- **Data Type** – A specific generic quality of the datum being tagged, for example, one of the following:
 - **Monetary**: A currency type (for example, U.S. Dollars or Euros). The currency type is identified in the instance document, not in the taxonomy. For this reason, the same finite-lived intangible assets, net element should be used regardless of the currency.
 - **String**: Text, such as a financial-statement note’s textual information.
 - **Date**: March 2, 2007, for example.
 - **Shares**: Number of treasury or common stock, for example.
- **Balance Type** – Whether the element is a “debit” or “credit.”
- **Period Type** – Whether the element is as of a point in time (an “instant”) or for a period of time (“duration”). Balance sheet items are typically “instant” period types, and income statement items are typically “duration” period types.
- **Reference** – The reference entry identifies key, though not all, authoritative guidance useful in distinguishing one element tag from another, in this case FASB Statement No. 142, but in other cases, perhaps an FASB Interpretation or an SEC or AICPA document.

Illustration 3

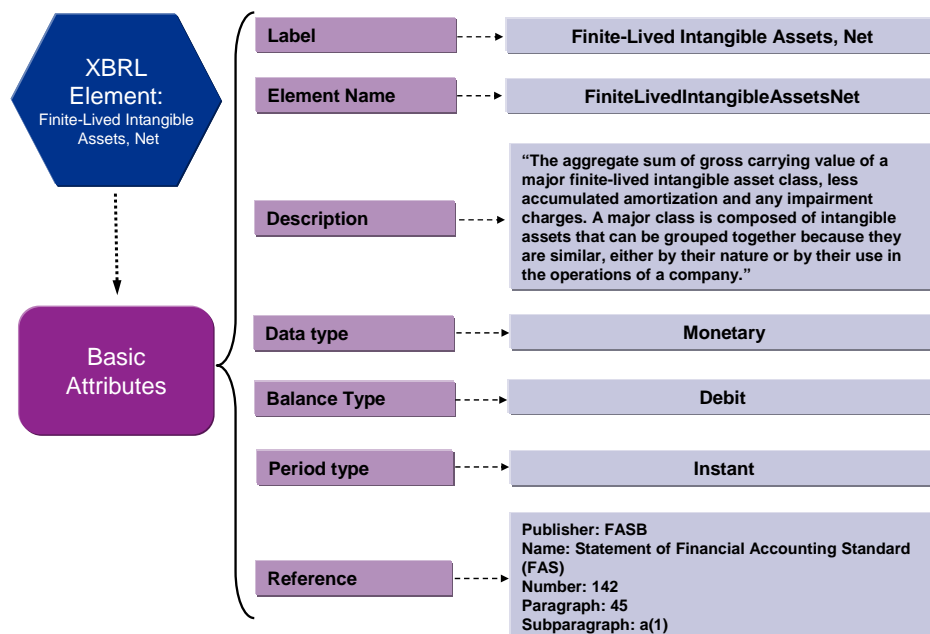
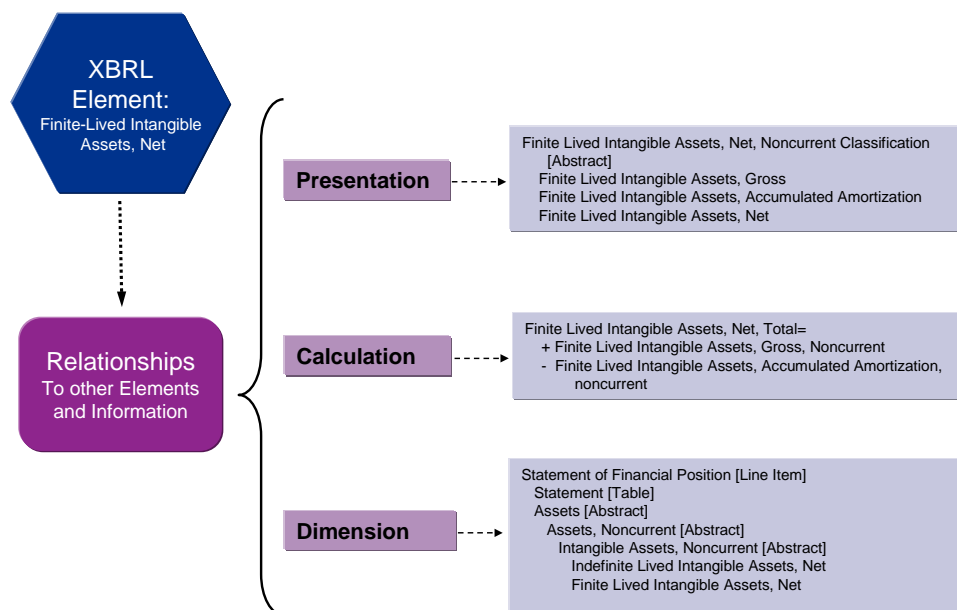


Illustration 4 focuses on the relationships of the element finite-lived intangible assets, net. As you can see, there are three basic relationships (presentation, calculation, and dimension). The larger rectangles to the right of each basic relationship give the relationship descriptors for finite-lived intangible assets, net. The entry for presentation identifies how the element is presented or displayed in a rendered financial report based on the taxonomy used. The calculation entry shows the element's role in calculating other financial-statement amounts. Dimension relationships provide information about financial-statement elements presented in financial statements or about the horizontal and vertical axes of tables within notes to the financial statements. In Illustration 4, the dimension shown is the relationship of finite-lived intangible assets, net to the presented financial-statement line item intangible assets. Other typical dimensional relationships related to financial statements include restatement amounts (e.g., "as restated balances" in the financial statements), multiple reports (e.g., "actual" versus "plan" or "forecast"), multiple entities (e.g., consolidating financial statements), multiple stock classes, and multiple equity components (e.g., equity rollforward information). A dimensional relationship typically found in a table in the notes to financial statements is the breakout of segment information for certain financial-statement line items by geographical locations.

Illustration 4



Extension Taxonomies. Extension taxonomies enable organizations to customize published XBRL taxonomies to capture unique information. They are the "extensible" feature of XBRL. The extension taxonomies must comply with the XBRL Specification. Compliance maximizes the comparability of the XBRL instance documents for external financial reports when extension taxonomies are employed. An organization may modify an element in a published, or base, taxonomy and supplement the base taxonomy, but, again, the extension taxonomy must comply with the XBRL Specification.

To take a simple example, consider the standard taxonomy's presentation of property, plant, and equipment before goodwill. If a company presents goodwill before property, plant, and equipment in its balance sheet, it can create an extension to change the relationship that is defined in the base taxonomy to reflect the presentation in the company's balance sheet. To take a more complex example, assume Company M tags its financial statements using the US GAAP Taxonomy and Company M has a line item on its balance sheet for "XYZ Inventory." Because it is unique to Company M, "XYZ Inventory" is not listed in the Taxonomy. Company M therefore creates its own extension taxonomy that includes the new element.

Instance Documents. The product of the tagging operation is an instance document reflecting the application of the base taxonomy and any needed extensions to the facts that are to be expressed in the financial report. The methods available to an individual company to create its financial statements in XBRL depend on the nature of its business and the accounting software and systems it uses.

Instance documents that convey financial statements in XBRL can be created with the help of tagging software. The software provides tools that facilitate the tagging process. Other products can extract data in XBRL format from accounting databases.

XBRL information is published in human readable form with the aid of a rendering software program. Rendering is the process of converting the XBRL data in an instance document into a document with a presentation that looks similar to traditional financial information, such as a balance sheet or income statement. The presentation from rendering the instance document will vary depending on the rendering software program and the configurations of the XBRL information.

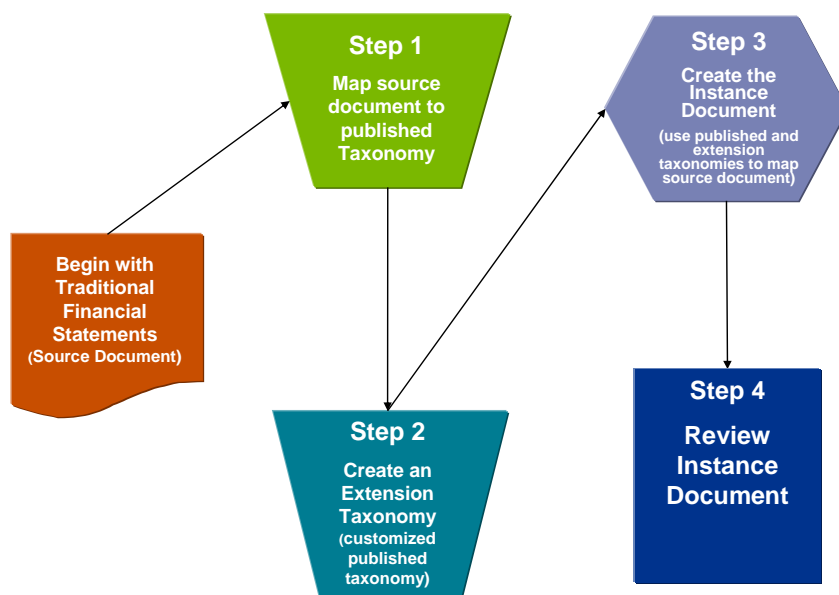
Creating Instance Documents. In conjunction with developing the US GAAP Taxonomy, XBRL US created the XBRL US GAAP Taxonomy Preparers Guide, an explanation of XBRL's terminology and tools and how to use them to create XBRL-formatted financial statements. However, neither the Preparers Guide nor XBRL alter or eliminate management's responsibility for the completeness and accuracy of financial statements presented in XBRL.

The Preparers Guide describes in four steps how to create an instance document and includes examples and illustrations. The Preparers Guide also identifies "rules" to help ensure that instance documents reflect the financial statements. The rules should be followed by SEC registrants when preparing XBRL-formatted financial statement that will be submitted to the SEC.

The processes described in the Preparers Guide are consistent with the current practice of preparing the traditional financial statements before creating the XBRL-formatted financial statements. In order to help ensure compliance with XBRL requirements, the same individuals that prepare the financial statements should "map" the elements within the instance document, and the same individuals that review the financial statements should review the mapping.

Illustration 5 shows the four steps described in the Preparers Guide. Each is briefly summarized below.

Illustration 5



Step 1: Map financial statements to the published taxonomy. Mapping is the process of comparing the concepts in the financial statements to the elements in the published taxonomy, assigning a taxonomy element to each financial-statement concept, and noting where the taxonomy differs from the financial statements. The process can be performed using a spreadsheet that lists the financial-statement captions and disclosures in one column and the corresponding taxonomy element in the adjacent column.

Selecting the appropriate elements for some financial-statement concepts may be difficult and may require a significant amount of judgment, despite the assistance available from the Preparers Guide. For that reason those in the preparer's organization who are most familiar with the financial statements should be involved in matching financial-statement concepts to taxonomy elements and noting where the taxonomy differs from the financial statements. The mapping should be reviewed before the next step is undertaken.

Step 2: Create needed extensions. Step 1 may have identified reporting concepts that are not represented in the published taxonomy and that therefore call for an extension taxonomy. The company's XBRL team would create extensions by adding new elements for those financial-statement concepts not contained in the published taxonomy and by modifying elements in the published taxonomy to make them correspond to information to be reported in the financial statements. This can be done with specialized software.

Step 3: Create the instance document. The instance document is an XBRL-formatted financial report. To create an instance document, the preparer tags financial-statement information (monetary and contextual) using specialized software to associate the financial information with elements from both the

published and extension taxonomies. The instance document contains the quantitative and contextual information from the financial statements and includes the period being reported and the monetary type (e.g., U.S. dollars) in the report.

Step 4: Review instance document. Management is responsible for the completeness, accuracy, and presentation of its company's financial statements, whether they are traditional "paper-based" financial statements or XBRL instance documents. Management should therefore develop a process and controls over the creation of their extension taxonomies and instance documents. The controls should include reviews by those most familiar with the company's financial-reporting process and financial statements.

The SEC Rule

The SEC has taken many steps to prepare for its rule requiring XBRL reporting. It has been a major promoter of XBRL, popularizing its potential benefits, coining the term "interactive data" for XBRL, taking steps to establish an infrastructure for XBRL reports, and establishing a voluntary program to learn from direct experience with XBRL financial reports. It created an office within the SEC to promote XBRL's acceptance, funded the development of the US GAAP Taxonomy and associated Preparers Guide, installed an XBRL rendering software program on the SEC's Web site, and transformed the EDGAR filing system to accept XBRL instance documents.

The transformed filing system is searchable. Information can be immediately downloaded into application software. Looking ahead, the EDGAR database will be phased out and replaced with the new SEC system called IDEA, which can receive and store XBRL data. IDEA currently can be used to search company filings on the EDGAR database. Software for data analysis is available without charge to investors who visit the SEC's Web site.

The SEC established a program in 2005 under which corporate issuers and Investment Company Act filers could voluntarily submit XBRL-formatted information as exhibits to their periodic reports. Voluntary submissions of XBRL-formatted Mutual Fund risk/return information have been received since 2007.

Requirements for XBRL Reporting. The SEC's new rule requires companies (other than investment companies) who meet specified criteria to submit XBRL-formatted financial information as exhibits to their filed financial statements. The criteria, which will affect successive groups of companies annually over three years, are based on company size and whether the companies use U.S. GAAP or IFRS as issued by the IASB. Companies that meet the criteria will be required to submit XBRL-formatted financial statements, notes, and financial-statement schedules. The requirement applies to annual and quarterly reports, transition reports, registration statements, and reports that include financial statements restated for correction of an error or specified subsequent events.

Web Sites. Affected companies that maintain Web sites would have to provide the XBRL-formatted financial information on their Web sites for a period of 12 months beginning no later than the end of the calendar day the company filed or was required to file the registration statement or report, whichever is earlier.

Submission Requirements. Companies that meet the reporting criteria must submit a complete set of XBRL-formatted financial information for all periods presented in the corresponding periodic report filed on EDGAR. The submitted XBRL exhibit will have to meet submission specifications in the EDGAR filing manual. Companies will be able to make test submissions to determine whether their exhibits meet the submission specifications. Registrants are encouraged to submit test submissions early in order to avoid not meeting the requirements. Test submissions will allow companies not only to check their compliance with the SEC validation criteria, but also to see how the rendered exhibit will be displayed on the SEC Web site.

Transition Periods. The following criteria for required XBRL reporting by companies (other than investment companies) establish a three-year transition period, with three groups of companies successively required to submit the first required XBRL exhibit on the Form 10-Q or annual report on Form 20-F or Form 40-F that includes financial statements for the periods indicated below.

- Year 1: Domestic and foreign large accelerated filers that file financial statements presented in accordance with U.S. GAAP and have a worldwide public float above \$5 billion as of the end of the second fiscal quarter of their most recently completed fiscal year, beginning with the first fiscal period ending on or after June 15, 2009.
- Year 2: All other domestic and foreign large accelerated filers that file financial statements prepared in accordance with U.S. GAAP, beginning with the first fiscal period ending on or after June 15, 2010.
- Year 3: All remaining filers that file financial statements prepared in accordance with U.S. GAAP, including smaller reporting companies, and all foreign private issuers that prepare their financial statements in accordance with IFRS as issued by the IASB, beginning with the first fiscal period ending on or after June 15, 2011.

During the three-year transition period, domestic companies will not be required to provide their first XBRL submission with a Form 10-K filing. Domestic companies with a June 30 year-end will therefore submit an XBRL exhibit for the first time with their Form 10-Q for the quarterly period ending September 30.

Companies that become subject to the reporting requirements after year 3 will be required to submit their first required XBRL exhibit on their first quarterly report on Form 10-Q or annual report on Form 20-F or Form 40-F.

XBRL exhibits will be required with Securities Act registration statements only after a price or price range has been determined and when the financial statements are changed, thus eliminating the need to provide an XBRL exhibit each time a filing or amended filing is made. Companies will also be required to submit XBRL exhibits on other Securities Act registration statements, such as Forms F-9, and F-10 and periodic reports on Forms 40-F. Forms 8-K and 6-K require XBRL exhibits when they contain financial statements that have been restated for specified subsequent events (discontinued operations, a change in reporting segments, or a change in accounting principle), or for financial statement updating required by Item 8.A.5 of Form 20-F. Companies may not include XBRL exhibits in Forms 8-K or 6-K filed for other reasons. XBRL exhibits will also be

required in reports that are amended to include financial statements restated for correction of an error.³

The XBRL reporting requirements do not apply to:

- Initial-public-offering registrations,
- Registration statements under the Exchange Act on Forms 10, 20-F, and 40-F,
- Pro forma financial statements prepared in accordance with Article 11 of Regulation S-X, and
- Financial information for financial statements that are not the filer's (i.e., financial statements of a material acquiree under Rule 3-05 of Regulation S-X and financial statements of a company being acquired or merged, if they are provided in Form S-4, are not required to be included in an XBRL exhibit).⁴

Registrants not required to submit XBRL exhibits until a later period may provide them at their discretion before the exhibits are required and may submit those exhibits with note tagging more detailed than under the first-year requirement.

Tagging Requirements. The rule requires companies to tag all the information on the face of the financial statements (balance sheet and statements of income, equity, comprehensive income, and cash flows) for all periods presented. In addition, all amounts (monetary value, percentage, and other quantities) in the financial-statement notes and schedules must be tagged in detail with additional tags used to capture larger blocks of information (known as Text Blocks), specifically, each numbered or lettered note, significant accounting policy, and table within the notes.⁵ These tagging requirements apply to each period presented in a financial statement. However, in the first year of the rule's application, companies may limit their tagging of the financial-statement notes and schedules to Text Blocks for each numbered or lettered note and schedule.

The submission deadline for XBRL exhibits is the same as the filing deadline for the related report, and the XBRL exhibit must be submitted with the related report. The rule provides two 30-day grace periods that may be used for a company's first XBRL submission and the first time that detail-tagged notes and schedules are required (the first submission in the second year).

Companies that do not submit the XBRL exhibit on time will be deemed not current with their Exchange Act reports and deemed not to have made available current public information adequate for purposes of the resale exemption safe harbor provided by Rule 144 until the XBRL exhibit is submitted. Companies that voluntarily submit XBRL exhibits before they are required or use the detailed level

³ Only those periods of financial statements being restated that are subject to the reporting requirements would be included in the XBRL exhibit. In the case of filers in the first phase-in period, the periods subject to the reporting requirements would be fiscal periods ending on or after June 15, 2009.

⁴ Other examples of financial statements not required to be submitted in an XBRL exhibit include financial statements required by Rules 3-09, 3-14, and 3-16 of Regulation S-X.

⁵ Financial-statement schedules refer to those schedules required by Article 12 of Regulation S-X.

of tagging before it is required, will not have 30-day grace periods when such reporting becomes mandatory.

Modified Liability. For a period of two years from the date companies are required to submit their first XBRL exhibit, but no later than October 31, 2014, XBRL exhibits are subject to liability-limiting provisions. The provisions treat XBRL exhibits as not “filed” for purposes of Section 11 or 12 of the Securities Act, Section 18 of the Exchange Act, or Section 34(b) of the Investment Company Act and protect companies from liability for errors in XBRL exhibits that are prepared with a good-faith effort and are corrected promptly when the errors are identified. The SEC rule does not permit cautionary disclosures for XBRL exhibits that indicate investors should not rely on the information in making investment decisions.

XBRL-formatted documents are not subject to the officer certification requirements on disclosure controls and procedures and internal control over financial reporting, even though the rule acknowledges that the XBRL-formatted documents are included in “disclosure control procedures” as defined in Exchange Act Rules 13a-15(e) and 15d-15(e). Companies that employ third parties to assist in preparing and filing XBRL exhibits nevertheless retain responsibility for the exhibit’s accuracy and reliability. XBRL exhibits are not required by rule to be accompanied by an auditors’ attestation report. Auditor involvement is not required under auditing standards AU550, 711, or 722.

Taxonomies. XBRL exhibits would have to use the most recent U.S. GAAP Taxonomy developed by XBRL US. Those who submit IFRS XBRL exhibits would have to use the most recent IFRS taxonomy published by the International Accounting Standards Committee Foundation. The rule provides guidance on creating and using extensions.

The rule does not affect filing requirements for historical periodic reporting.

Mutual Funds. The SEC reporting rule requires mutual funds to submit XBRL-formatted risk/return summary sections from initial registration statements and annual updating post-effective amendments that become effective after December 31, 2010. The deadline for XBRL-formatted risk/return summary information submitted as an additional exhibit to a registration statement or post-effective amendment is no more than 15 days after the effective date of the registration statement. The SEC expanded the voluntary financial-reporting program by accepting the schedule of portfolio holdings in XBRL format without requiring other financial information to be provided. Filing requirements in force before the rule continue to apply.

Other U.S. Initiatives

The application of attestation standards to examinations of XBRL-formatted documents has been clarified, and the Federal Financial Institutions Examination Council has successfully conducted a large program of XBRL reporting.

Auditing Standard Setters. Both the Public Company Accounting Oversight Board and the AICPA's Auditing Standards Board have taken steps to facilitate auditors' examinations of XBRL documents. The former, the PCAOB, sets standards for audits of public companies. The latter, the ASB, sets standards for audits of private companies.

The PCAOB in May 2005 released staff questions and answers about attest engagements regarding XBRL data furnished under the SEC's voluntary financial-reporting program in XBRL.⁶ The staff's answers provide guidance for auditors who are engaged to report on whether the XBRL data accurately reflect the information included in the corresponding periodic reports filed on EDGAR. The guidance addresses both evidence-gathering procedures and reporting when applying the Board's attestation standards to these engagements.

The Auditing Standards Board issued an Interpretation in September 2003 that provides guidance on auditors' engagements to examine and report on whether an XBRL instance document accurately reflects the related client financial information.⁷ The guidance identifies the XBRL taxonomies and XBRL International's Specification document as suitable measurement criteria for these engagements and contains examples both of procedures to consider and of examination reports. This Interpretation is not part of the standards adopted by the PCAOB.

Federal Financial Institutions Examination Council. The members of the Council, which includes the FDIC, the Federal Reserve System, and the Office of the Comptroller of the Currency, replaced their most important quarterly data collections from banks with mandatory XBRL-based filings in October 2005. The revised requirements affect the quarterly "Call Reports" of over 8,000 banks. The filed reports go into the Internet-based Central Data Repository, enabling regulators to benefit from interactive data.

The Council provided its own closed-standard taxonomy, with specific item definitions that the banking institutions and the industry use to compile the required data. The SEC, in contrast, permits an open-standard taxonomy, whereby a filer may submit an extension taxonomy if additional reporting concepts are necessary.

⁶ PCAOB, Staff Questions and Answers, Attest Engagements Regarding XBRL Financial Information Furnished Under the XBRL Voluntary Financial Reporting Program on the EDGAR System, May 25, 2005, available at www.pcaobus.org/Standards/Staff_Questions_and_Answers/2005/05-25%20.pdf.

⁷ Attest Interpretation No. 5, Attest Engagements on Financial Information Included in XBRL Instance Documents, September 2003, paragraphs AT 9101.47 through AT 9101.55 of vol. 1, AICPA Professional Standards, as of June 1, 2006.

The Council's objectives—to modernize and streamline how the agencies collect, validate, and distribute financial data submitted by banks—appear to have been achieved. The new system reduced by half the time U.S. bank regulators needed to process the Call Reports and release information to bank examiners. The FDIC embedded its validation rules in its XBRL requirements, thereby allowing banks to evaluate their own data before submitting it to regulators. In the past, the U.S. bank regulatory agencies had their own staffs do this work, following up with banks to clarify and correct submitted information.

The brief summaries above of major initiatives by the SEC, auditing standard setters, and the Federal Financial Institutions Examination Council are not intended to minimize the role of other organizations, corporations, accounting firms, and individuals whose activities and interest continue to fuel the XBRL movement.

XBRL Initiatives by Non-U.S. Institutions

Both the organization that sets international accounting standards and institutions within non-U.S. countries have been active in pursuing the development of XBRL.

International Accounting Standards Committee Foundation. The Foundation develops and maintains the IFRS taxonomy. Its work is of particular importance for SEC registrants, because it means that if the SEC inaugurates required IFRS reporting by U.S. registrants, the tools to continue XBRL reporting would be in place. The International Financial Reporting Standards General Purpose taxonomy is based on the IFRS Bound Volume 2008. It includes the latest versions of most IFRS (including all International Accounting Standards and Interpretations) approved up to December 31, 2007 and required to be applied as of January 1, 2008.

The IASC Foundation has a department devoted to supporting IFRS reporting in XBRL. The Foundation launched a Web site early in 2006 devoted to the team's work to maintain and improve the taxonomy, facilitate extensions, and address taxonomy convergence.⁸ The announcement about the Web site pointed out that "[M]ore than 90 IFRS countries in the world [are] extending the taxonomy."⁹

⁸ www.iasb.org/xbrl.

⁹ www.iasb.org/News/Announcements+and+Speeches/IASC+Foundation+Launches+New+XBRL+Website.htm.

Non-U.S. National Projects. XBRL International has a Web page with links to descriptions of XBRL projects in different countries.¹⁰ The number and type of projects demonstrate that the XBRL movement is widespread. The list below identifies some of the key projects reported by XBRL International in its November 2007 Progress Report.¹¹

- The National Bank of Belgium has developed a system to enable all nonfinancial companies to file XBRL reports of their Belgian GAAP statutory annual accounts.
- The Australian government is developing a multi-agency, multi-jurisdictional business reporting initiative called Standard Business Reporting that includes the development of taxonomies to allow XBRL submissions of financial and other information to various government agencies.¹²
- The Danish Commerce and Companies Agency has a project underway to enable all Danish companies to file XBRL instance documents that will eventually contain complete annual filings. The initiative applies to filings with Statistics Denmark as well as with the Agency.
- The Canadian Securities Administrators began accepting XBRL filings from issuers participating in its XBRL filing program in May 2007.
- The Japanese Financial Services Ministry is developing Japan GAAP taxonomies to facilitate XBRL submissions to their statutory disclosure system. The Tokyo Stock Exchange collects XBRL Earnings Digest information from over 80 percent of listed companies.
- The Singapore Accounting & Corporate Regulatory Authority mandated company reports using XBRL in November 2007.

Another measure of the scope of the XBRL movement is the geographical breadth of the countries with taxonomies recognized by XBRL International. They include China, Thailand, Ireland, the United Kingdom, Canada, and New Zealand. Thirteen countries and organizations have taxonomies recognized by XBRL International.¹³

¹⁰ www.xbrl.org/ProjectDetails/.

¹¹ www.xbrl.org/ProgressReports/2007_11_XBRL_Progress_Report.pdf.

¹² www.sbr.gov.au/content/standard_business_reporting_program.htm.

¹³ www.xbrl.org/FRTaxonomies/.

Following XBRL Developments

The best way to follow XBRL developments is to consult the Web sites for XBRL International (www.xbrl.org/LatestNews/) and XBRL-US (www.xbrl.us). The SEC's XBRL Web page provides information on the Commission's XBRL initiatives (www.sec.gov/spotlight/xbrl.shtml).

The following resources provide more information about XBRL:

- The SEC Final Rule, Interactive Data to Improve Financial Reporting: www.sec.gov
- The US GAAP Taxonomy and Preparers Guide: www.xbrl.us.
- IFRS Taxonomy Guide: www.iasb.org/XBRL/IFRS+Taxonomy/Support+materials.htm
- The IFRS Taxonomy: www.xbrl.org.
- AICPA Business Reporting Assurance & Advisory Services: www.AICPA.org
- KPMG's *Defining Issues*: All available at www.us.kpmg.com/definingissues.
 - DI 08-55, SEC Approves XBRL Reporting
 - DI 08-19, SEC Proposes Mandatory XBRL Submissions
 - DI 08-08, SEC Advisory Committee Publishes Proposals
 - DI 07-41, XBRL U.S. GAAP Taxonomies Released for Public Review and Comment
 - DI 07-29, SEC Announces XBRL Milestone

Glossary¹⁴

context: Information about the data reported, such as the reporting entity, the date or timeframe of the information, whether the data is for the entire entity or only a part of the entity.

dimensions: “Dimensions” is a technical term for XBRL tables. An XBRL table can be used to tag the tables typically found in financial reports.

element or concept: XBRL components that represent financial-reporting concepts, including: line items on the face of the financial statements, important narrative disclosures, and rows of data in tables.

extension: A change to one of the published public taxonomies, such as the US GAAP Taxonomy. Extensions enable preparers to modify the taxonomy to suit their reporting content and style.

instance document: The computer file that contains an entity’s data and other entity-specific information.

label: Equivalent to a financial-statement line item description (e.g., Revenue, SG&A, Inventory, Common Stock, Retained Earnings), which would be used in renderings of the XBRL instance document.

mapping: Process of linking financial-statement concepts contained in the preparer’s financial statements to the elements found in the standard taxonomy and identifying financial-statement concepts requiring the creation of extensions.

render: Creation of a human-readable version of an instance document and related files (that is, transform the XBRL instance document and related files into a printed document or a screen presentation).

specification: The software code that describes and defines the financial information for XBRL software developers. This code is used to ensure that XBRL documents are consistently created across organizations. The latest version can be found on the XBRL Web site at www.xbrl.org.

tag: All of the information in an instance document that is directly associated with company data. For example, a value on the balance sheet would be further defined by including the element, the company to which it applies, and the date or time period covered.

taxonomy: A dictionary that defines the elements (or concepts) used in XBRL documents to characterize or “tag” an entity’s data.

¹⁴ Most of the definitions in this glossary were taken from February 4, 2009 AICPA draft Statement of Position, Performing Agreed-Upon Procedures Engagements that Address the Completeness, Accuracy, and Consistency of XBRL-Tagged Data, to be issued in the spring of 2009.



The descriptive and summary statements in this text are not intended to be a substitute for the text of any of the cited documents or any potential or actual requirements. Those applying XBRL should refer to the texts of the applicable requirements, consider their particular circumstances, and consult their accounting and legal advisors.

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